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DEPARTMENT OF STATE A/CDC/MR Control: 15127
REVIEWED BY JM Ras Rec'd: MAY 23, 1959
DATE 5/6/82 10:13 AM

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FROM: BENGHAZI

TO: Secretary of State

NO: 595, MAY 23, 11 AM

SENT DEPARTMENT 595 REPEATED INFORMATION TRIPOLI 547.

REFERENCE: EMBTEL 590 TO DEPARTMENT, REPEATED INFORMATION TRIPOLI 540.

FOLLOWING EXCHANGE OF NOTES REPORTED REFTEL, I RAISED QUESTION WITH PRIME MINISTER OF PUBLIC POSITION WE SHOULD TAKE IF ASKED ABOUT PROGRESS THIS YEARS AID NEGOTIATIONS. I SUGGESTED REPLY ALONG FOLLOWING LINES:

"UNITED STATES GOVERNMENT ENDEAVORING TO BE RESPONSIVE TO LIBYA'S IMMEDIATE ECONOMIC REQUIREMENTS HAD REACHED UNDERSTANDING REGARDING ECONOMIC ASSISTANCE FOR CURRENT FISCAL YEAR. PRESENT UNDERSTANDING RELATES 1959 PROGRAM ONLY, DOES NOT AFFECT FUTURE PROGRAMS WHICH SUBJECT TO AGREEMENT TIME TO TIME. ALSO WITHOUT PREJUDICE TO CURRENT DISCUSSIONS BETWEEN REPRESENTATIVES GOL AND USG REGARDING REVIEW OF ECONOMIC AID AGREEMENTS BETWEEN TWO COUNTRIES."

KUBAR UNENTHUSIASTIC ABOUT ANY STATEMENT BUT DID NOT OBJECT IF WE REQUIRED SAY SOMETHING.

THIS GAVE HIM OPENING DISCUSS ECONOMIC DEVELOPMENT PROGRAM FROM REMAINDER US FY 1959 FUNDS. SAID SHAGLOUF HAD REPORTED TO HIME MEAGERNESS OF FUNDS AVAILABLE FOR ECONOMIC PROJECTS THIS YEAR. HE APPEARED SHOCKED WHEN TOLD $19 MILLION, INCLUDING $10 MILLION SPECIFIED IN OUR NOTE OF MAY 21, TOTAL AVAILABLE THIS YEAR. IN ANSER TO HIS COMPLAINT THAT FY 1959 FUNDS SHOWED NO "PROGRESS" (EUPHEMISM FOR "INCREASE") OVER FY 1958, I POINTED OUT THAT WE HAD GONE CONSIDERABLE DISTANCE TO MEET PRIME MINISTER'S DESIRE FOR GREATER PORTION OF FREE FUNDS (DESPATCH FOLLOWS). PRIME MINISTER SPOKE OF NEXT YEARS ELECTIONS AND UPCOMING

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AND UPCOMING ELECTORAL CAMPAIGN THIS AUTUMN. SAID HIS GOVERNMENT COULD NOT GO INTO THESE ELECTIONS WITHOUT SOME SIGNIFICANT STEP FORWARD IN CURRENT NEGOTIATIONS BASE AGREEMENT INITIATED EARLY THIS YEAR. I REPLIED WITH EXPRESSION HOPE WE WOULD HAVE AMERICAN POSITION ON VARIOUS POINTS RAISED IN LIBYAN NOTES OF NOVEMBER AND MARCH 18 LAST WITHIN NEXT FEW MONTHS WHICH WOULD PERMIT US MAKES SOME PROGRESS BEFORE LIBYAN NATIONAL ELECTIONS. EMBASSY WILL MAKE RECOMMENDATIONS SHORTLY ON ESSENTIAL US POSITIONS WHEN NEGOTIATIONS WITH LIBYANS RESUMED EARLY NEXT FISCAL YEAR.

JONES

SA/VF/20

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